

28 September 2016

The Hon Mike Baird MP  
Premier  
Parliament of New South Wales  
GPO Box 5341  
SYDNEY NSW 2001

Dear Premier Baird,

### **Re Preschool Funding Announcement of 14 September 2016**

We are writing to express our disappointment with your recently announced Start Strong preschool funding model. While additional investment that aspires to ensure all children receive 600 hours of quality early childhood education in the year before school is to be commended, this model will result in around half of NSW preschool children receiving **no funding at all**. We view this as a regressive step when NSW preschool children already receive significantly less funding than in other jurisdictions.

Our organisations represent both private and not-for-profit long day care providers committed to quality early learning and care. The long day care sector in NSW provides preschool programmes for more than 55,000 children. This represents 65% of all children enrolled in preschool in the year before school<sup>1</sup>. As required under National Quality Standards, all long day care services in NSW employ degree-qualified early childhood teachers who implement the Early Years Learning Framework and deliver a quality preschool program. The overwhelming majority of parents in NSW choose long day care over other service types as it aligns with their employment demands.

Despite the long day care sector accounting for 65 per cent of children enrolled in preschool, it currently receives less than 20 per cent of State Government preschool funding, and just a fraction of the funding that comparable programs in Queensland, South Australia or Victoria receive. As a result, preschool programs in long day care are considerably more affordable in other states than they are in New South Wales.

We believe the funding arrangements proposed for preschool programs in long day care for 2017 and 2018 do not comply with the objectives of the National Partnership Agreement on Universal Access to Early Childhood Education. This could adversely affect the level of funding provided to New South Wales by the Commonwealth of \$269 million over two years under the current agreement, and also potentially future Federal funding if the policy approach is sustained. The Implementation Agreement signed by the Commonwealth and New South Wales Governments in clause 14 states:

*“As required by clause 21(d) of the National Partnership, strategies are in place to ensure that funding is directed to support participation by all children in all quality early childhood education programmes, regardless of whether programmes are delivered through schools (government and non-government), standalone preschools or long day care centres.”*

---

<sup>1</sup>ABS 4240 Preschool Education in Australia 2015

The proposed funding arrangements for 2017 directs 78 per cent of Commonwealth 2017 funding to standalone preschools that account for just 35 per cent of children, 22 per cent of funding to the 16 per cent<sup>2</sup> of children in long day care preschool programs who qualify as disadvantaged, while the other 49% of children accessing preschool in a long day care centre receive nothing at all. This is not an equitable allocation of Commonwealth funds intended to support participation by all children, regardless of setting, in quality early childhood education programmes. South Australia, Queensland and Victoria, ensure that Commonwealth preschool funding follows the child regardless of setting, with additional weighting for children who are disadvantaged. The Northern Territory apply a needs based funding model for the distribution of funds to long day care. Additional funding for standalone preschools (and long day care in the NT) is then made available from the State's own budget. The Brennan Report (13 April 2012) commissioned by the NSW Government to specifically make recommendations with regards to this funding stated, "Access, affordability and quality should be assured regardless of the type of service a child attends. Families should be able to expect that Government assistance will remain reasonably consistent if they change early childhood education providers due to changes in their workforce participation or other needs," yet the NSW Coalition Government continues to fund services contrary to this recommendation. The Productivity Commission Inquiry Report into Child Care and Early Learning made a similar recommendation (15.10) that Commonwealth preschool funding "should be directed by the state or territory to the approved preschool service nominated by the family."

The Start Strong policy ignores the growth in preschool enrolments in a long day care setting. With Commonwealth funding tied to performance, the current allocation of funding pits the NSW Government against the expectations of the Federal Government as outlined in the National Partnership Agreement and directs funding away from the sector that has done the heavy lifting in terms of meeting the participation objectives of the agreement.

Notwithstanding that the NSW Government has decided to increase funding for disadvantaged children, increasing the funding rate in long day care from \$675 per child to \$1300 per child, on merit this remains inadequate. By way of a typical example, a child from a non-working household in a typical centre would receive around \$100 a week of Commonwealth Child Care Rebate and \$32.50 a week of State subsidy. By contrast, a child in a community preschool will receive around \$165 a week of State subsidy, allowing community preschool to be effectively free for low income families but leaving similar families in long day care with significant out of pocket costs. By comparison, South Australia, Queensland, Victoria and the Northern Territory all offer higher levels of subsidy for low income families than New South Wales, even though the costs of long day care in New South Wales is considerably higher than in other states.

We would urge you to reconsider your current policy which we believe fails to provide effective or adequate resourcing for all children in their vital preschool year in New South Wales. You have acknowledged that children who receive a quality early childhood education in the year before starting school are better prepared to transition to school and benefits carry through to adulthood. In our opinion, this proposed policy simply will not fulfil your policy expectations.

We request the opportunity to meet with you to discuss this issue further.

---

<sup>2</sup> 24.4% of children in long day care centres in NSW qualify for the full rate of Child Care Benefit

Yours sincerely



Nesha Oneil Hutchinson  
President  
Australian Childcare Alliance NSW



Tom Hardwick  
Chairman  
Early Learning and Care Council  
of Australia

Nicole Jones  
State Manager  
Goodstart Early Learning

cc The Hon Leslie Williams MP  
Minister for Early Childhood Education  
Parliament of New South Wales

*Contacts: Chiang Lim email [chiang.lim@childcarealliance.org.au](mailto:chiang.lim@childcarealliance.org.au) 1300 556 330; Elizabeth Death:  
email [elizabeth@elacca.org.au](mailto:elizabeth@elacca.org.au) mobile 0438 552 152; Nicole Jones email: [njones@goodstart.org.au](mailto:njones@goodstart.org.au)  
mob 0401709510*

**ATTACHMENT:**

**Preschool Enrolment in the Year Before School (ABS 4240.0)**

Type	2012	2013	2014	2015	Change
Govt Preschool	5,186	5,013	4,899	4,629	-10.7%
Non Govt Preschool	25,479	25,250	25,438	23,415	-8.1%
Long day care	30,538	37,607	39,823	52,481	71.9%
Multiple settings	1,641	1,796	2,081	2,672	62.8%
<b>Total</b>	<b>62,844</b>	<b>69,666</b>	<b>72,241</b>	<b>83,197</b>	<b>32.4%</b>

**STATE FUNDING ARRANGEMENT FOR PRESCHOOL PROGRAMS**

State	Funding for long day care
NSW <sup>34</sup>	\$450 per child if enrolled for 600 hours; \$300 if less than 600 hours; \$675 per child in disadvantaged areas No funding for 3 year olds
VIC <sup>5</sup>	Funding per capita \$3,247 per child; \$4,015 in a rural area, \$5,925 in a small rural area Kindergarten inclusion support \$14,026 per eligible child Cluster management grant \$9,501 per location
QLD <sup>6</sup>	Funding per capita \$1,618 per child, additional \$404.59 for SEIFA 1 & 2 areas. Additional subsidy of \$1218 for Health Care Card/ATSI families for fee relief
SA	Per capita funding based on SEIFA status of service: 1&2: \$2,260 3&4: \$1,970 5&6: \$1,690 7&8: \$1,410 9&10: \$1,130  Additional subsidy of \$560 per capita for remote and very remote services Fee relief subsidy of \$1,690 per child for Health Care Card/ASTI families. \$2820 subsidy for children with recognised disability or medical condition entitled to a Health Care Card.
WA, TAS, ACT & NT	Govt funds free preschool programs through the schools system

<sup>3</sup> <http://www.dec.nsw.gov.au/what-we-offer/regulation-and-accreditation/early-childhood-education-care/funding/community-preschool-funding/providers-preschool-funding>

<sup>4</sup> <http://www.dec.nsw.gov.au/what-we-offer/regulation-and-accreditation/early-childhood-education-care/funding/ldc-national-partnerships>

<sup>5</sup> <http://www.education.vic.gov.au/childhood/providers/funding/Pages/kinderfundingcriteria.aspx>

<sup>6</sup> <https://www.business.qld.gov.au/industry/service-industries/child-care/qld-kindergarten-funding-scheme>